

VENETA

oregon

Inc. 1962

CITY OF VENETA
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2019



Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

436 1st Avenue W | PO Box 1072
Albany, Oregon 97321 | (541) 223-5555

CITY OF VENETA
Lane County, Oregon

CITY OFFICIALS

June 30, 2019

MAYOR

Sandra Larson (resigned 1/14/19)
25456 E. Hunter Road
Veneta, Oregon 97487

Keith Weiss (term began 1/14/19)
88139 9TH St.
Veneta, OR 97487

CITY COUNCIL

Thomas Cotter - President
88098 Huston Road
Veneta, Oregon 97487

Pat Coy
P.O. Box 1137
Veneta, Oregon 97487

Calvin Kenney
87827 Greenley Dr
Veneta, Oregon 97487

Thomas Laing
P.O. Box 1304
Veneta, Oregon 97487

Robbie McCoy
25138 Legacy Ct.
Veneta, OR 97487

Keith Weiss (term ended 1/14/19)
88139 9TH St.
Veneta, OR 97487

CITY ADMINISTRATOR

R. Ric Ingham

FINANCE DIRECTOR

Shauna Hartz

CITY OF VENETA
Lane County, Oregon

TABLE OF CONTENTS

June 30, 2019

Page
Number

INTRODUCTORY SECTION

Title Page
City Officials
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Funds.....	17-18
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	19
Statement of Cash Flows – Proprietary Funds.....	20-21
Notes to Basic Financial Statements.....	22-55
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability	56
Schedule of City Contributions	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
General Fund.....	57
Law Enforcement Fund	58
Street Fund	59
Veneta Urban Renewal Agency – General Fund	60
Capital Construction Fund - Governmental.....	61

Other Supplementary Information – Combining and Individual Fund Statements
and Schedules

Combining Balance Sheet – Nonmajor Governmental Funds.....	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Local Improvements Fund.....	64
Parks and Recreation Fund.....	65
Planning Fund	66
Storm-Water Fund	67
Building Inspection Fund	68
Zumwalt Campground Fund.....	69
Business Assistance Loan/Grant Fund	70
Grants Fund	71
Pool Facilities Fund.....	72
Governmental Reserve Fund.....	73
Public Works Equipment Reserve Fund.....	74
West Broadway Fund.....	75
Debt Service Fund.....	76
Veneta Urban Renewal Agency – Debt Service Fund	77
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual –	
Water Fund	78
Sewer Fund	79
Sewer Capital Construction Fund	80
Enterprise Reserve Fund.....	81
Water Capital Construction Fund	82

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY FEDERAL AND
STATE REGULATIONS**

Independent Auditor’s Report Required by Oregon State Regulations	83-84
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	85-86

FINANCIAL SECTION



Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Sandra Larson, Mayor
and Members of the City Council
City of Veneta
Veneta, Oregon 97487

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Lane County, Oregon as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta, Lane County, Oregon as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2019, the City adopted new accounting guidance: GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability and City contributions, and the budgetary comparison information on pages 4 through 10 and 56 through 61, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis and the schedules of the City's proportionate share of the net pension liability and City contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Veneta's basic financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

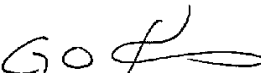
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Veneta's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 12, 2019 on our tests of the City's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
December 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF VENETA

Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of Veneta, Lane County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2019, total net position of the City of Veneta amounted to \$45,436,293. Of this amount, \$30,613,374 was invested in capital assets, net of related debt. The remaining balance included \$4,936,269 restricted for various purposes and \$9,886,650 of unrestricted net position.
- At June 30, 2019, the City's governmental funds reported combined ending fund balances of \$8,990,322.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Veneta's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include water and sewer services.

The government-wide financial statements can be found on pages 11 through 12 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the City of Veneta can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on the balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Law Enforcement, Street, Urban Renewal General, Capital Construction - Governmental, and Urban Renewal Debt Service Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Veneta adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 11 through 16 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains five enterprise funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer utility operations.

The basic proprietary fund financial statements can be found on pages 17 through 21 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the City's proportionate share of the net pension liability and City contributions and budgetary comparison information for the General, Law Enforcement, Street, Urban Renewal General, and Capital Construction Funds. This required supplementary information can be found on pages 56 through 61 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62 through 82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2019, the City's assets exceeded liabilities by \$45,436,293.

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

City's Net Position

The City's net position increased by \$1,194,233 during the current fiscal year. This increase is primarily due to an increase in charges for services, grants and contributions, and investment earnings. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 8,481,713	\$ 8,229,594	\$ 5,643,802	\$ 6,073,769	\$ 14,125,515	\$ 14,303,363
Restricted assets	1,448,562	2,521,193	2,002,512	2,914,248	3,451,074	5,435,441
Net capital assets	<u>18,675,982</u>	<u>17,697,340</u>	<u>26,022,915</u>	<u>24,182,742</u>	<u>44,698,897</u>	<u>41,880,082</u>
Total assets	<u>28,606,257</u>	<u>28,448,127</u>	<u>33,669,229</u>	<u>33,170,759</u>	<u>62,275,486</u>	<u>61,618,886</u>
Deferred Outflows of Resources	<u>299,599</u>	<u>244,745</u>	<u>299,598</u>	<u>244,748</u>	<u>599,197</u>	<u>489,493</u>
Liabilities						
Current liabilities	1,142,017	1,586,735	1,230,287	826,503	2,372,304	2,413,238
Noncurrent liabilities	<u>1,810,133</u>	<u>2,031,446</u>	<u>13,138,507</u>	<u>13,343,538</u>	<u>14,948,640</u>	<u>15,374,984</u>
Total liabilities	<u>2,952,150</u>	<u>3,618,181</u>	<u>14,368,794</u>	<u>14,170,041</u>	<u>17,320,944</u>	<u>17,788,222</u>
Deferred Inflows of Resources	<u>60,894</u>	<u>36,170</u>	<u>56,552</u>	<u>41,927</u>	<u>117,446</u>	<u>78,097</u>
Net position						
Net investment in capital assets	17,289,262	16,010,569	13,324,112	11,190,765	30,613,374	27,201,334
Restricted for various purposes	2,956,255	3,466,157	1,980,014	4,034,567	4,936,269	7,500,724
Unrestricted	<u>5,647,225</u>	<u>5,561,795</u>	<u>4,239,355</u>	<u>3,978,207</u>	<u>9,886,580</u>	<u>9,540,002</u>
Total net position	<u>\$ 25,892,742</u>	<u>\$ 25,038,521</u>	<u>\$ 19,543,481</u>	<u>\$ 19,203,539</u>	<u>\$ 45,436,223</u>	<u>\$ 44,242,060</u>

City's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$ 697,443	\$ 680,482	\$ 2,431,764	\$ 2,128,817	\$ 3,129,207	\$ 2,809,299
Operating grants and contributions	338,257	5,757	-	-	338,257	5,757
Capital grants and contributions	251,425	1,702	-	-	251,425	1,702
Total program revenues	<u>1,287,125</u>	<u>687,941</u>	<u>2,431,764</u>	<u>2,128,817</u>	<u>3,718,889</u>	<u>2,816,758</u>
General revenues						
Property taxes - general	1,617,368	1,450,218	-	-	1,617,368	1,450,218
Property taxes - debt service	798,178	779,205	-	-	798,178	779,205
Franchise fees	296,286	210,639	-	-	296,286	210,639
Motor fuel taxes	473,478	307,820	-	-	473,478	307,820
Alcohol and cigarette taxes	134,059	141,956	-	-	134,059	141,956
Transient room taxes	1,338	1,081	-	-	1,338	1,081
Intergovernmental	75,600	49,836	-	-	75,600	49,836
Investment earnings	198,396	156,569	189,260	137,519	387,656	294,088
Rents and leases	41,143	43,913	24,568	22,080	65,711	65,993
Miscellaneous	18,365	25,979	11,420	11,833	29,785	37,812
Total general revenues	<u>3,654,211</u>	<u>3,167,216</u>	<u>225,248</u>	<u>171,432</u>	<u>3,879,459</u>	<u>3,338,648</u>
Total revenues	<u>4,941,336</u>	<u>3,855,157</u>	<u>2,657,012</u>	<u>2,300,249</u>	<u>7,598,348</u>	<u>6,155,406</u>
Program expenses						
General government	1,394,427	1,207,943	-	-	1,394,427	1,207,943
Public safety	985,671	935,869	-	-	985,671	935,869
Public works	77,922	40,557	-	-	77,922	40,557
Highways and streets	878,274	972,600	-	-	878,274	972,600
Culture and recreation	616,775	381,971	-	-	616,775	381,971
Interest on long-term debt	40,366	43,525	-	-	40,366	43,525
Water	-	-	1,288,958	1,251,739	1,288,958	1,251,739
Sewer	-	-	1,121,792	1,036,762	1,121,792	1,036,762
Total program expenses	<u>3,993,435</u>	<u>3,582,465</u>	<u>2,410,750</u>	<u>2,288,501</u>	<u>6,404,185</u>	<u>5,870,966</u>
Transfers	<u>(93,680)</u>	<u>(218,819)</u>	<u>93,680</u>	<u>218,819</u>	<u>-</u>	<u>-</u>
Change in net position	854,221	53,873	339,942	230,567	1,194,163	284,440
Net position - beginning	<u>25,038,521</u>	<u>24,984,648</u>	<u>19,203,539</u>	<u>18,972,972</u>	<u>44,242,060</u>	<u>43,957,620</u>
Net position - ending	<u>\$ 25,892,742</u>	<u>\$ 25,038,521</u>	<u>\$ 19,543,481</u>	<u>\$ 19,203,539</u>	<u>\$ 45,436,223</u>	<u>\$ 44,242,060</u>

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$8,990,322. Of this amount, \$1,492,797 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,492,797. This entire amount constitutes unassigned fund balance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary funds amounted to \$19,543,481 at year-end. Of this amount, \$13,324,112 was invested in capital assets, net of related debt. The remaining balance included \$1,980,014 restricted for various purposes and \$4,239,355 of unrestricted net position.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation changes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2019 amounted to \$18,675,982 and \$26,022,915, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and structures, equipment and vehicles, land improvements, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year was \$344,305 and \$701,385, respectively.

Additional information on the City's capital assets can be found on pages 37 through 39 of this report.

CITY OF VENETA
Lane County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Liabilities

The City's outstanding long-term debt for its governmental and business-type activities as of June 30, 2019 amounted to \$1,386,720 and \$12,698,803, respectively. This amount is comprised of general obligation bonds, notes payable, and revenue bonds. The City's total long-term debt decreased by \$593,225 during the current fiscal year. Additional information on the City's long-term liabilities can be found on pages 41 through 45.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

- The City-wide beginning fund balance is estimated to be \$4.6 million less than the current year's beginning balance. The expected reduction is attributable to the significant capital projects completed, or nearly completed in the 2018-2019 fiscal year.
- New revenue is expected to be \$1.5 million less primarily due to a decrease in the amounts of internal transfers and the amount expected from grant awards.

All of the above factors were considered when preparing the budget for the 2019-2020 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$1,492,797. The City of Veneta has appropriated \$437,237 of this amount for spending in the 2019-2020 fiscal year budget. The planned reduction of fund balance continues the City's conservative methods for budgeting. In reality, due to careful monitoring, the fund balance has remained fairly stable or increased slightly.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the Finance Director at the following address: P.O. Box 458, Veneta, Oregon 97487.

BASIC FINANCIAL STATEMENTS

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents, less restricted portion	\$ 7,914,342	\$ 5,288,924	\$ 13,203,266
Accounts and other receivables	422,940	257,879	680,819
Property taxes receivable, less restricted portion	64,176	-	64,176
Liens and assessments receivable	40,372	61,669	102,041
Court fines receivable, net	39,883	-	39,883
Inventory	-	35,330	35,330
Total current assets	8,481,713	5,643,802	14,125,515
Restricted assets	1,448,562	2,002,512	3,451,074
Capital assets not being depreciated	4,109,514	3,572,517	7,682,031
Capital assets being depreciated, net	14,566,468	22,450,398	37,016,866
Total assets	28,606,257	33,669,229	62,275,486
DEFERRED OUTFLOWS OF RESOURCES	299,599	299,598	599,197
LIABILITIES			
Current liabilities			
Accounts payable	567,900	489,866	1,057,766
Accrued liabilities	86,403	-	86,403
Compensated absences	30,435	23,060	53,495
Accrued interest	32,628	325,136	357,764
Deposits payable	43,050	85,862	128,912
Unearned revenue	62,165	3,217	65,382
Long-term debt, current portion	319,436	303,146	622,582
Total current liabilities	1,142,017	1,230,287	2,372,304
Noncurrent liabilities			
Pension liability	742,849	742,850	1,485,699
Long-term debt, less current portion	1,067,284	12,395,657	13,462,941
Total liabilities	2,952,150	14,368,794	17,320,944
DEFERRED INFLOWS OF RESOURCES			
Changes in proportion and contributions - PERS	60,894	56,552	117,446
NET POSITION			
Net investment in capital assets	\$ 17,289,262	\$ 13,324,112	\$ 30,613,374
Restricted for various purposes	2,956,255	1,980,014	4,936,269
Unrestricted	5,647,225	4,239,355	9,886,580
Total net position	\$ 25,892,742	\$ 19,543,481	\$ 45,436,223

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	\$ 1,394,427	\$ 385,425	\$ 310,982	\$ -	\$ (698,020)	\$ -	\$ (698,020)
Public safety	985,671	26,851	-	-	(958,820)	-	(958,820)
Public works	77,922	62,114	-	-	(15,808)	-	(15,808)
Highways and streets	878,274	80,065	-	-	(798,209)	-	(798,209)
Culture and recreation	616,775	142,988	27,275	251,425	(195,087)	-	(195,087)
Interest on long-term debt	40,366	-	-	-	(40,366)	-	(40,366)
Total governmental activities	<u>\$ 3,993,435</u>	<u>\$ 697,443</u>	<u>\$ 338,257</u>	<u>\$ 251,425</u>	<u>(2,706,310)</u>	<u>-</u>	<u>(2,706,310)</u>
Business-type activities							
Water	\$ 1,288,958	\$ 1,157,735	\$ -	\$ -	-	(131,223)	(131,223)
Sewer	<u>1,121,792</u>	<u>1,274,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,237</u>	<u>152,237</u>
Total business-type activities	<u>\$ 2,410,750</u>	<u>\$ 2,431,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>21,014</u>	<u>21,014</u>
General revenues							
Property taxes - general purposes					1,617,368	-	1,617,368
Property taxes - debt service					798,178	-	798,178
Franchise fees					296,286	-	296,286
Motor fuel taxes					473,478	-	473,478
Alcohol and cigarette taxes					134,059	-	134,059
Transient room taxes					1,338	-	1,338
Intergovernmental					75,600	-	75,600
Investment earnings					198,396	189,260	387,656
Rents and leases					41,143	24,568	65,711
Miscellaneous					<u>18,365</u>	<u>11,420</u>	<u>29,785</u>
Total general revenues					<u>3,654,211</u>	<u>225,248</u>	<u>3,879,459</u>
Transfers					<u>(93,680)</u>	<u>93,680</u>	<u>-</u>
Change in net position					854,221	339,942	1,194,163
Net position - beginning					<u>25,038,521</u>	<u>19,203,539</u>	<u>44,242,060</u>
Net position - ending					<u>\$ 25,892,742</u>	<u>\$ 19,543,481</u>	<u>\$ 45,436,223</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS

June 30, 2019

		Special Revenue				Debt Service		
	General	Law	Street	Urban Renewal	Capital	Urban Renewal	Nonmajor	Total
	Fund	Enforcement	Fund	General	Construction	Debt Service	Governmental	Governmental
	Fund	Fund	Fund	Fund	Fund	Fund	Funds	Funds
ASSETS								
Cash and cash equivalents	\$ 1,632,156	\$ 449,165	\$ 1,740,574	\$ 73,674	\$ 1,260,965	\$ 1,346,602	\$ 2,848,449	\$ 9,351,585
Accounts and other receivables	110,338	8,481	86,521	-	-	-	231,682	437,022
Property taxes receivable	11,624	32,426	-	-	-	28,286	20,126	92,462
Liens and assessments receivable	2,732	-	2,212	-	-	-	35,428	40,372
Total assets	<u>\$ 1,756,850</u>	<u>\$ 490,072</u>	<u>\$ 1,829,307</u>	<u>\$ 73,674</u>	<u>\$ 1,260,965</u>	<u>\$ 1,374,888</u>	<u>\$ 3,135,685</u>	<u>\$ 9,921,441</u>
LIABILITIES								
Book overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,143	\$ 17,143
Accounts payable	13,264	220,917	99,322	5,778	2,290	91	142,381	484,043
Accrued liabilities	86,078	-	-	-	-	-	325	86,403
Deposits payable	-	-	43,050	-	-	-	-	43,050
Unearned revenue	75,596	-	15,631	-	-	-	5,913	97,140
Total liabilities	<u>174,938</u>	<u>220,917</u>	<u>158,003</u>	<u>5,778</u>	<u>2,290</u>	<u>91</u>	<u>165,762</u>	<u>727,779</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - Property taxes	11,624	30,692	-	-	-	26,774	19,119	88,209
Unavailable revenue - Liens/assessments	2,732	-	2,212	-	-	-	35,428	40,372
Unavailable revenue - Court fines	74,759	-	-	-	-	-	-	74,759
Total deferred inflows of resources	<u>89,115</u>	<u>30,692</u>	<u>2,212</u>	<u>-</u>	<u>-</u>	<u>26,774</u>	<u>54,547</u>	<u>203,340</u>
FUND BALANCES								
Restricted	-	-	-	67,896	1,258,675	1,348,023	281,661	2,956,255
Committed	-	238,463	1,669,092	-	-	-	2,633,715	4,541,270
Unassigned	1,492,797	-	-	-	-	-	-	1,492,797
Total fund balances	<u>1,492,797</u>	<u>238,463</u>	<u>1,669,092</u>	<u>67,896</u>	<u>1,258,675</u>	<u>1,348,023</u>	<u>2,915,376</u>	<u>8,990,322</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,756,850</u>	<u>\$ 490,072</u>	<u>\$ 1,829,307</u>	<u>\$ 73,674</u>	<u>\$ 1,260,965</u>	<u>\$ 1,374,888</u>	<u>\$ 3,135,685</u>	<u>\$ 9,921,441</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

June 30, 2019

Total fund balances		\$ 8,990,322
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	22,617,670	
Accumulated depreciation	<u>(3,941,688)</u>	18,675,982
Court fines are recognized as revenue when received in the governmental funds, however, total balances due, less related payables to outside agencies are recorded in net position of the governmental activities.		(34,876)
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		88,209
Certain revenues and fees are recognized as revenue in the net position of governmental activities when the revenues are earned; however, in the governmental fund statements, they are recognized when available to be used for current year operations.		127,032
Amounts relating to the City's proportionate share of net pension liability or assets for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	299,599	
Deferred inflows of resources relating to the return on pension assets	(60,894)	
Net pension asset (liability)	<u>(742,849)</u>	(504,144)
Long-term liabilities are not due or payable in the current period and are therefore not reported in the governmental funds. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences	(30,435)	
Accrued interest	(32,628)	
Long-term debt	<u>(1,386,720)</u>	<u>(1,449,783)</u>
Net position of governmental activities		\$ <u>25,892,742</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

		Special Revenue Funds	
	General Fund	Law Enforcement Fund	Streets Fund
REVENUES			
Property taxes	\$ 313,284	\$ 856,839	\$ -
Franchise taxes	132,513	-	132,512
Licenses, permits, and fees	6,555	26,851	-
Charges for services	16,528	-	-
State revenue sharing	-	-	-
Operating grants and contributions	34,730	-	-
Fees and charges	-	-	77,853
Intergovernmental	95,283	-	473,478
Other taxes	-	31,112	-
Fines	11,618	-	-
Investment earnings	32,508	4,950	31,674
Rents and leases	41,143	-	-
Miscellaneous	18,889	-	-
Total revenues	<u>703,051</u>	<u>919,752</u>	<u>715,517</u>
EXPENDITURES			
Current			
General government	508,666	-	-
Public safety	82,698	884,334	-
Public works	-	-	-
Highways and streets	893	-	595,380
Culture and recreation	35,439	-	-
Debt service	-	-	-
Capital outlay	4,534	-	6,642
Total expenditures	<u>632,230</u>	<u>884,334</u>	<u>602,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,821</u>	<u>35,418</u>	<u>113,495</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	-	-	-
Transfers in	3,000	10,000	150,000
Transfers out	(25,000)	-	(5,000)
Total other financing sources (uses)	<u>(22,000)</u>	<u>10,000</u>	<u>145,000</u>
Net change in fund balances	48,821	45,418	258,495
Fund balances - beginning	<u>1,443,976</u>	<u>193,045</u>	<u>1,410,597</u>
Fund balances - ending	<u>\$ 1,492,797</u>	<u>\$ 238,463</u>	<u>\$ 1,669,092</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds		Debt Service		
Urban Renewal General Fund	Capital Construction Fund	Urban Renewal Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 739,937	\$ 482,174	\$ 2,392,234
-	-	-	-	265,025
-	-	-	87,950	121,356
-	137,920	-	205,302	359,750
-	-	-	505,600	505,600
-	-	-	278,770	313,500
-	-	-	69,615	147,468
-	-	-	337,500	906,261
-	-	-	17,664	48,776
-	-	-	-	11,618
16,062	29,667	15,689	67,846	198,396
-	-	-	-	41,143
-	-	522	200	19,611
16,062	167,587	756,148	2,052,621	5,330,738
53,353	-	277,688	351,003	1,190,710
-	-	-	-	967,032
-	-	-	59,210	59,210
-	2,326	-	-	598,599
-	-	-	394,377	429,816
-	-	92	105,329	105,421
-	186,455	-	1,203,221	1,400,852
53,353	188,781	277,780	2,113,140	4,751,640
(37,291)	(21,194)	478,368	(60,519)	579,098
92	-	-	-	92
-	-	-	107,500	270,500
(881,180)	(47,500)	-	(183,000)	(1,141,680)
(881,088)	(47,500)	-	(75,500)	(871,088)
(918,379)	(68,694)	478,368	(136,019)	(291,990)
986,275	1,327,369	869,655	3,051,395	9,282,312
\$ 67,896	\$ 1,258,675	\$ 1,348,023	\$ 2,915,376	\$ 8,990,322

CITY OF VENETA
Lane County, Oregon

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Net change in fund balances	\$	(291,990)
------------------------------------	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.

Capital outlay expenditures - governmental funds	1,529,050	
Capital asset disposals, net	(206,103)	
Depreciation expense recorded in the current year	<u>(344,305)</u>	978,642

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

Change in accrued interest	962	
Debt principal paid	<u>300,051</u>	301,013

Property taxes and liens that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied. These amounts consist of:

Property taxes	(77,756)	
Liens/assessments	<u>(921)</u>	(78,677)

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:

Compensated absences		(1,427)
----------------------	--	---------

Court fines and fees are recognized as revenue in the net assets of governmental activities when the fines are assessed; however, in the governmental fund statements, they are recognized when available to be used for current year operations.

11,881

Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.

(65,221)

Change in net position	\$	<u><u>854,221</u></u>
-------------------------------	----	-----------------------

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities					
	Enterprise Funds					
			Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	Total Enterprise Funds
	Water	Sewer				
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,396,744	\$ 2,674,361	\$ -	\$ 217,819	\$ -	\$ 5,288,924
Accounts and other receivables	150,604	107,275	-	-	-	257,879
Liens and notes receivable	-	-	61,669	-	-	61,669
Inventory	35,330	-	-	-	-	35,330
Total current assets	2,582,678	2,781,636	61,669	217,819	-	5,643,802
Restricted assets						
Cash and cash equivalents	646,734	231,298	931,713	-	192,767	2,002,512
Capital assets not being depreciated	278,311	778,593	-	-	-	1,056,904
Capital assets being depreciated, net	15,625,470	9,340,541	-	-	-	24,966,011
Total assets	19,133,193	13,132,068	993,382	217,819	192,767	33,669,229
DEFERRED OUTFLOWS OF						
RESOURCES	149,799	149,799	-	-	-	299,598
LIABILITIES						
Current liabilities						
Accounts payable	108,767	278,456	102,643	-	-	489,866
Compensated absences	11,530	11,530	-	-	-	23,060
Accrued interest	64,943	60,850	60,999	-	138,344	325,136
Deposits payable	19,252	66,610	-	-	-	85,862
Unearned revenue	4,465	-	-	-	-	4,465
Long-term debt, current portion	168,035	95,038	-	-	-	263,073
Total current liabilities	376,992	512,484	163,642	-	138,344	1,191,462
Noncurrent liabilities						
Pension liability	371,425	371,425	-	-	-	742,850
Long-term debt, less current portion	9,399,973	2,932,960	102,797	-	-	12,435,730
Total noncurrent liabilities	9,771,398	3,304,385	102,797	-	-	13,178,580
Total liabilities	10,148,390	3,816,869	266,439	-	138,344	14,370,042

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2019

(continued)

(continued)	Business-Type Activities					
	Enterprise Funds					
			Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	Total Enterprise Funds
	Water	Sewer				
DEFERRED INFLOWS OF RESOURCES						
Changes in proportion and						
contributions - PERS	\$ 27,028	\$ 28,276	\$ -	\$ -	\$ -	\$ 55,304
Total deferred inflows of resources	27,028	28,276	-	-	-	55,304
NET POSITION						
Net investment in capital assets	6,335,773	7,091,136	(102,797)	-	-	13,324,112
Restricted for:						
Debt service	646,734	231,298	-	-	-	878,032
System development	-	-	829,740	217,819	54,423	1,101,982
Unrestricted	2,125,067	2,114,288	-	-	-	4,239,355
Total net position	\$ 9,107,574	\$ 9,436,722	\$ 726,943	\$ 217,819	\$ 54,423	\$ 19,543,481

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	Business-Type Activities					
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	Total Enterprise Funds
Operating revenues						
Water sales	\$ 1,075,440	\$ -	\$ -	\$ -	\$ -	\$ 1,075,440
Sewer charges	-	1,140,965	-	-	-	1,140,965
Total operating revenues	1,075,440	1,140,965	-	-	-	2,216,405
Operating expenses						
Personnel costs	307,131	370,234	-	-	-	677,365
Materials and supplies	289,501	199,760	-	-	-	489,261
Repairs and maintenance	23,989	-	-	-	-	23,989
Depreciation	404,195	297,190	-	-	-	701,385
Total operating expenses	1,024,816	867,184	-	-	-	1,892,000
Operating income (loss)	50,624	273,781	-	-	-	324,405
Nonoperating revenues (expenses)						
System development charges	-	-	133,064	-	82,295	215,359
Investment earnings	66,108	51,471	39,358	31,125	1,198	189,260
Rents and leases	14,968	9,600	-	-	-	24,568
Miscellaneous	1,706	9,714	(114,057)	-	-	(102,637)
Interest expense	(238,188)	(106,288)	(34,263)	-	(25,954)	(404,693)
Total nonoperating revenues (expenses)	(155,406)	(35,503)	24,102	31,125	57,539	(78,143)
Income (loss) before contributions and transfers	(104,782)	238,278	24,102	31,125	57,539	246,262
Transfers in	157,157	2,075,156	-	-	-	2,232,313
Transfers out	(5,000)	(5,000)	(875,156)	(1,200,000)	(53,477)	(2,138,633)
Change in net position	47,375	2,308,434	(851,054)	(1,168,875)	4,062	339,942
Total net position - beginning	9,060,199	7,128,288	1,577,997	1,386,694	50,361	19,203,539
Total net position - ending	\$ 9,107,574	\$ 9,436,722	\$ 726,943	\$ 217,819	\$ 54,423	\$ 19,543,481

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2019

	Business-Type Activities					
	Enterprise Funds					
	Water	Sewer	Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 1,066,719	\$ 1,121,659	\$ -	\$ -	\$ -	\$ 2,188,378
Payments to employees	(312,414)	(374,269)	-	-	-	(686,683)
Payments to suppliers	<u>(189,919)</u>	<u>108,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(81,358)</u>
Net cash provided (used) by operating activities	<u>564,386</u>	<u>855,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,420,337</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Rents and leases	14,968	9,600	-	-	-	24,568
Miscellaneous income (expense)	<u>1,706</u>	<u>9,714</u>	<u>(114,057)</u>	<u>-</u>	<u>-</u>	<u>(102,637)</u>
Net cash provided (used) by noncapital financing activities	<u>16,674</u>	<u>19,314</u>	<u>(114,057)</u>	<u>-</u>	<u>-</u>	<u>(78,069)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
System development charges	-	-	77,156	-	79,956	157,112
Transfers to other funds for capital purposes	(5,000)	(5,000)	-	(1,200,000)	-	(1,210,000)
Transfers from other funds	103,680	2,075,156	-	-	-	2,178,836
Principal paid on capital debt	-	(90,946)	(84,159)	-	(53,477)	(228,582)
Interest paid on capital debt	(238,188)	(106,288)	(72,945)	-	(25,954)	(443,375)
Purchase of capital assets	<u>(388,985)</u>	<u>(2,262,635)</u>	<u>(758,812)</u>	<u>-</u>	<u>-</u>	<u>(3,410,432)</u>
Net cash provided (used) by capital and related financing activities	<u>(528,493)</u>	<u>(389,713)</u>	<u>(838,760)</u>	<u>(1,200,000)</u>	<u>525</u>	<u>(2,956,441)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	<u>66,108</u>	<u>51,471</u>	<u>39,358</u>	<u>31,125</u>	<u>1,198</u>	<u>189,260</u>
Net cash provided (used) by investing activities	<u>66,108</u>	<u>51,471</u>	<u>39,358</u>	<u>31,125</u>	<u>1,198</u>	<u>189,260</u>
Net increase (decrease) in cash and cash equivalents	118,675	537,023	(913,459)	(1,168,875)	1,723	(1,424,913)

(Continued)

The accompanying notes are an integral part of these financial statements.

CITY OF VENETA
Lane County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2019

(Continued)

	Business-Type Activities					
	Enterprise Funds					
			Sewer Construction Fund	Enterprise Reserve Fund	Water Construction Fund	Total Enterprise Funds
Water	Sewer					
Cash and cash equivalents - beginning (including \$646,734, \$231,298, \$191,044, and \$1,845,172, in water, sewer, water construction, and enterprise reserve funds, respectively reported in restricted accounts)	2,924,803	2,368,636	1,845,172	1,386,694	191,044	8,716,349
Cash and cash equivalents - ending (including \$646,734 and \$231,298 in water and sewer funds, respectively, reported in restricted accounts)	\$ 3,043,478	\$ 2,905,659	\$ 931,713	\$ 217,819	\$ 192,767	\$ 7,291,436
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 50,624	\$ 273,781	\$ -	\$ -	\$ -	\$ 324,405
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	404,195	297,190	-	-	-	701,385
(Increase) decrease in:						
Liens & other receivables	(8,721)	(19,306)	-	-	-	(28,027)
Inventories	722	-	-	-	-	722
Deferred outflows of resources	(27,425)	(27,425)	-	-	-	(54,850)
Increase (decrease) in:						
Accounts payable	89,458	262,635	-	-	-	352,093
Compensated absences	4,202	4,202	-	-	-	8,404
Accrued interest	(1,136)	(1,828)	-	-	-	(2,964)
Customer deposits	34,527	47,514	-	-	-	82,041
Pension liability	8,995	8,995	-	-	-	17,990
Deferred inflows of resources	8,945	10,193	-	-	-	19,138
Net cash provided (used) by operating activities	\$ 564,386	\$ 855,951	\$ -	\$ -	\$ -	\$ 1,420,337
Noncash investing, capital, and financing activities:						
Transfer of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of Veneta was incorporated in 1962 and is situated in Lane County, Oregon. The City provides basic services to citizens within the city limits. Control of the City is vested in its mayor and city council, elected to office by voters within the City.

The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

1. Blended component unit – Veneta Urban Renewal Agency

Veneta Urban Renewal Agency serves the area within the existing city limits of the City of Veneta. Board members for the agency consist of all of the members of the Veneta City Council. The component unit issues separate financial statements. The financial statements can be obtained from the Finance Department of the City or at their website www.venetaoregon.gov.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. The primary source of revenue is property taxes.

Special Revenue Funds

Law Enforcement Fund – The Law Enforcement Fund accounts for property tax revenue and expenditures relating to the City’s contracted law enforcement services.

Street Fund – The Street Fund accounts for the maintenance, operation, and construction of the City’s streets. The primary sources of revenue are state shared highway funds.

Urban Renewal General Fund – The Urban Renewal General Fund is the general operating fund of the Urban Renewal Agency. It is used to account for all of the financial resources except those required to be accounted for in another fund. The principal source of revenue is interest on investments. Primary expenditures are for the downtown redevelopment project.

Capital Construction Fund - Governmental – The Capital Construction Fund accounts for governmental system development charges and related improvement expenditures.

Debt Service Fund

Urban Renewal Debt Service Fund – The Urban Renewal Debt Service Fund accounts for the payment of principal and interest on urban renewal bonds. Resources are provided from tax increment proceeds and interest earnings.

The City reports the following major proprietary funds:

Enterprise Funds

Water Fund – The Water Fund accounts for the resources and expenses related to the supply, treatment, and distribution of water. The primary source of revenue is user fees.

Sewer Fund – The Sewer Fund accounts for the resources and expenses related to the collection and treatment of wastewater. The primary source of revenue is user fees.

Water Capital Construction Fund – The Water Capital Construction Fund is used to accumulate funds for future water system development costs. The primary source of revenue is water SDCs.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Sewer Capital Construction Fund – The Sewer Capital Construction Fund is used to accumulate funds for future system development costs. The primary source of revenue is sewer SDCs.

Enterprise Reserve Fund – The Enterprise Reserve Fund is used to accumulate funds for sewer system needs. The primary source of revenue is investment income.

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds

Local Improvements Fund – The Local Improvements Fund is used to account for system improvement expenditures. The primary source of revenue is special assessments.

Parks and Recreation Fund– The Parks and Recreation Fund is used to account for revenues related to parks and recreation programs. The primary source of revenue is property taxes.

Planning Fund – The Planning Fund is used to account for revenues related to city development programs. The primary source of revenue is property taxes.

Storm-Water Fund – The Storm-Water Fund accounts for retention ponds, swales, drainage ditches, and underground drainage ways. The primary revenues are user fees.

Building Inspection Fund - The Building Inspection Fund accounts for funds received from building inspections. The primary source of revenue is fees and charges.

Zumwalt Campground Fund – The Zumwalt Campground Fund is used to accumulate funds dedicated to operation of the Zumwalt Campground. The primary source of revenue is user fees.

Business Assistance Loan/Grants Fund – The Business Assistance Loan/Grants Fund accounts for funds available to lend or grant for community development. The primary source of revenue is interest income.

Grants Fund – The Grants Fund accounts for funds received and used for programs not related to regular City operations. The primary source of revenue is grant income.

Capital Projects Funds

Governmental Reserve Fund – The Governmental Reserve Fund is used to accumulate funds for future maintenance, operation, and construction of the City's streets. The primary source of revenue is transfers.

Pool Facilities Fund – The Pool Facilities Fund accounts for donations and capital expenditures related to swimming pool facilities.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Public Works Equipment Reserve Fund – The Public Works Equipment Reserve Fund is used to accumulate funds for future equipment purchases. The primary source of revenue is transfers committed by the City Council.

West Broadway Fund – The West Broadway Fund accounts for the planning, design and improvements and expansion of West Broadway Avenue. The primary source of revenue is investment earnings.

Debt Service Fund

Debt Service Fund - The Debt Service Fund accounts for the repayment of the City's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is for the payment of principal and interest due on long-term debt.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measureable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, enterprise, and internal service funds. All funds are budgeted on the modified accrual basis of accounting.

In early spring a preliminary budget calendar, budget preparation manual and budget worksheets are distributed to appropriate department directors.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

The City Administrator and the Finance Director develop a proposed budget, after which the notice of the first Budget Committee meeting is published twice. No less than five days, or more than thirty days after the notices are published, the Budget Committee (consisting of the City Council and an equal number of citizens of the City of Veneta) meets to consider the proposed budget. The Budget Message is delivered, explaining the proposed budget and any significant changes in the City's financial assets.

The Budget Committee conducts the public meetings and hearings for the purpose of obtaining citizens' comments, deliberates on, and subsequently approves the proposed budget, which includes any additions or deletions from the one presented by the City Administrator originally. The Budget Committee then submits the approved budget to the City Council for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Council without returning to the Budget Committee for a second approval.

After the Council adopts the budget and certifies the total ad valorem taxes to be levied, as approved by the budget committee, no additional tax levy may be made for that fiscal year. The City Council legally adopts the budget resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is the object group level (i.e. personnel services, materials and services, capital outlay, and other expenditures). Unexpected additional resources and uses thereof may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the City Council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the City Council.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and two approved appropriation changes.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

2. Investments

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

3. Accounts and Other Receivables

Receivables are recorded as revenue when earned. Court fines receivable are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts is calculated by management based on historical collection experience. All other receivables are considered fully collectible by management, therefore no allowance for uncollectible accounts is maintained.

4. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. The cost of prepaid expenses is recorded as expenditures/expenses when consumed rather than when purchased.

5. Inventory

Inventory of supplies is valued at cost using the first-in, first-out method. Inventories consist of materials for use in the water department.

6. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Land and construction in progress are not depreciated. Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Intangibles	3-5
Equipment and vehicles	5-20
Buildings and structures	10-50
Water and sewer systems	40-50
Infrastructure	65

7. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, the items unavailable revenue and unearned revenue are reported in the governmental fund balance sheet, and unearned revenue is reported on the proprietary statement of net position. The governmental funds report unavailable and unearned revenue from property taxes and other uncollected revenues. The proprietary funds report unearned revenue from liens and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance).

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council (Council) has by resolution authorized the City Administrator and Finance Director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

- Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts that the City intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the city council delegates authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City's fund balance policy states that the unassigned General Fund balance will be maintained to provide the City with sufficient working capital and a margin of safety to address the needs of the City without borrowing.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

3. Compensated Absences

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

4. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement Systems (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All items not meeting this definition are reported as nonoperating revenues and expenses.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The City of Veneta maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* – Unadjusted quoted prices for identical investments in active markets.
- *Level 2* – Observable inputs other than quoted market prices; and,
- *Level 3* – Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2019.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

	<u>Level 2</u>
Investments	
Oregon Local Government Investment Pool	\$ <u>14,506,809</u>

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2019, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated		\$ <u>14,506,809</u>

Interest Rate Risk

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The City holds accounts at Key Bank and Banner Bank, for which deposits are insured by the FDIC up to \$250,000 for each institution. At June 30, 2019 the City had deposits of \$500,000 insured by the FDIC, and \$1,606,219 collateralized under the PFCP.

Deposits

The City's deposits and investments at June 30, 2019 are as follows:

Cash on hand	\$ 280
Checking account	2,118,789
Total investments	<u>14,506,809</u>
Total deposits and investments	<u><u>\$ 16,625,878</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 1,632,156
Law Enforcement Fund	449,165
Street Fund	1,740,574
Capital Construction Fund	1,260,965
Nonmajor governmental funds	<u>2,831,306</u>
Total governmental activities - unrestricted	<u>7,914,166</u>
Business-type activities - unrestricted	
Water Fund	2,396,744
Sewer Fund	2,674,361
Enterprise Reserve Fund	<u>217,819</u>
Total business-type activities - unrestricted	<u>5,288,924</u>
Total unrestricted cash and investments	<u>13,203,090</u>

(continued)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Cash and investments by fund (continued):

Governmental activities - restricted	
Urban Renewal - General Fund	\$ 73,674
Urban Renewal - Debt Service Fund	<u>1,346,602</u>
Total governmental activities - restricted	<u>1,420,276</u>
Business-type activities - restricted	
Water Fund	646,734
Sewer Fund	231,298
Capital Construction - Water Fund	192,767
Capital Construction - Sewer Fund	<u>931,713</u>
Total business-type activities - restricted	<u>2,002,512</u>
Total restricted cash and investments	<u>3,422,788</u>
Total cash and investments	<u><u>\$ 16,625,878</u></u>

B. Restricted Assets

Restricted assets are for future payments of principal and interest on long-term debt, future urban renewal projects, and system development.

Restricted assets	
Governmental activities	
Cash	\$ 1,420,276
Property taxes receivable	<u>28,286</u>
Total governmental activities	<u>1,448,562</u>
Business-type activities	
Cash	<u>2,002,512</u>
Total restricted assets	<u><u>\$ 3,451,074</u></u>

C. Court Fines Receivable

Court fines receivable at June 30, 2019 consisted of the following:

	Governmental
	Activities
Court fines receivable	\$ 74,759
Less allowance for uncollectibles	<u>(34,876)</u>
Court fines receivable, net	<u><u>\$ 39,883</u></u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,681,601	\$ -	\$ -	\$ 2,681,601
Work in process	316,058	1,317,958	(206,103)	1,427,913
Total capital assets not being depreciated	<u>2,997,659</u>	<u>1,317,958</u>	<u>(206,103)</u>	<u>4,109,514</u>
Capital assets being depreciated				
Buildings and structures	5,964,303	-	-	5,964,303
Machinery and equipment	139,468	18,712	-	158,180
Vehicles	114,938	-	-	114,938
Intangibles	46,494	25,945	(46,494)	25,945
Infrastructure	12,078,355	166,435	-	12,244,790
Total capital assets being depreciated	<u>18,343,558</u>	<u>211,092</u>	<u>(46,494)</u>	<u>18,508,156</u>
Less accumulated depreciation for				
Buildings and structures	(1,415,788)	(149,442)	-	(1,565,230)
Machinery and equipment	(129,229)	(3,630)	-	(132,859)
Vehicles	(110,686)	(2,835)	-	(113,521)
Intangibles	(46,494)	(1,297)	46,494	(1,297)
Infrastructure	(1,941,680)	(187,101)	-	(2,128,781)
Total accumulated depreciation	<u>(3,643,877)</u>	<u>(344,305)</u>	<u>46,494</u>	<u>(3,941,688)</u>
Total capital assets being depreciated, net	<u>14,699,681</u>	<u>(133,213)</u>	<u>-</u>	<u>14,566,468</u>
Governmental activities capital assets, net	<u>\$ 17,697,340</u>	<u>\$ 1,184,745</u>	<u>\$ (206,103)</u>	<u>\$ 18,675,982</u>

(Continued)

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

(Continued)	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 756,653	\$ -	\$ -	\$ 756,653
Construction in progress	274,306	2,541,558	-	2,815,864
Work in process	<u>25,945</u>	<u>-</u>	<u>(25,945)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,056,904</u>	<u>2,541,558</u>	<u>(25,945)</u>	<u>3,572,517</u>
Capital assets being depreciated				
Water and sewer systems	31,142,091	-	-	31,142,091
Equipment and vehicles	<u>393,333</u>	<u>25,945</u>	<u>(46,494)</u>	<u>372,784</u>
Total capital assets being depreciated	<u>31,535,424</u>	<u>25,945</u>	<u>(46,494)</u>	<u>31,514,875</u>
Less accumulated depreciation for				
Water and sewer systems	(8,149,221)	(685,934)	-	(8,835,155)
Equipment and vehicles	<u>(260,365)</u>	<u>(15,451)</u>	<u>46,494</u>	<u>(229,322)</u>
Total accumulated depreciation	<u>(8,409,586)</u>	<u>(701,385)</u>	<u>46,494</u>	<u>(9,064,477)</u>
Total capital assets being depreciated, net	<u>23,125,838</u>	<u>(675,440)</u>	<u>-</u>	<u>22,450,398</u>
Business-type activities capital assets, net	<u>\$ 24,182,742</u>	<u>\$ 1,866,118</u>	<u>\$ (25,945)</u>	<u>\$ 26,022,915</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 2,681,601	\$ -	\$ 2,681,601
Work in process	1,427,913	-	1,427,913
Buildings and structures	5,964,303	(1,565,230)	4,399,073
Machinery and equipment	158,180	(132,859)	25,321
Vehicles	114,938	(113,521)	1,417
Intangibles	25,945	(1,297)	24,648
Infrastructure	<u>12,244,790</u>	<u>(2,128,781)</u>	<u>10,116,009</u>
Total governmental activities capital assets	<u>22,617,670</u>	<u>(3,941,688)</u>	<u>18,675,982</u>
Business-type activities			
Land	756,653	-	756,653
Construction in progress	2,815,864	-	2,815,864
Water and sewer systems	31,142,091	(8,835,155)	22,306,936
Equipment and vehicles	<u>372,784</u>	<u>(229,322)</u>	<u>143,462</u>
Total business-type activities capital assets	<u>35,087,392</u>	<u>(9,064,477)</u>	<u>26,022,915</u>
Total capital assets	<u>\$ 57,705,062</u>	<u>\$ (13,006,165)</u>	<u>\$ 44,698,897</u>

In relation to governmental activities and business-type activities, the use of capital assets is allocated by function/program, and depreciation expense is charged accordingly. Depreciation expense is reflected on the statement of activities as follows:

Governmental activities	
General government	<u>\$ 344,305</u>
Business-type activities	
Water	\$ 404,195
Sewer	<u>297,190</u>
Total business-type activities	<u>\$ 701,385</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

E. Interfund Transactions

Operating transfers are reflected as other financing sources (uses) in the governmental and proprietary funds. Interfund transfers during the year consisted of:

	Transfers in:						Total
	General Fund	Law Enforcement Fund	Street Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	
Transfers out:							
Governmental activities							
General Fund	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Street Fund	-	-	-	5,000	-	-	5,000
URA General Fund	-	-	-	777,500	103,680	-	881,180
Capital Construction	-	-	-	47,500	-	-	47,500
Nonmajor							
Governmental	<u>3,000</u>	<u>10,000</u>	<u>150,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>183,000</u>
Total governmental activities	<u>3,000</u>	<u>10,000</u>	<u>150,000</u>	<u>875,000</u>	<u>103,680</u>	<u>-</u>	<u>1,141,680</u>
Business-type activities							
Water Fund	-	-	-	5,000	-	-	5,000
Sewer Fund	-	-	-	5,000	-	-	5,000
Reserve Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>1,200,000</u>
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>1,200,000</u>	<u>1,210,000</u>
Total	<u>\$ 3,000</u>	<u>\$ 10,000</u>	<u>\$ 150,000</u>	<u>\$ 885,000</u>	<u>\$ 103,680</u>	<u>\$ 1,200,000</u>	<u>\$ 2,351,680</u>

The principal purpose of the interfund transfers in was for future projects and debt service.

F. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	<u>\$ 37,412</u>	<u>\$ -</u>	<u>\$ 6,977</u>	<u>\$ 30,435</u>
Business-type activities				
Compensated absences	<u>\$ 14,656</u>	<u>\$ 8,404</u>	<u>\$ -</u>	<u>\$ 23,060</u>

The General, Water, and Sewer Funds have traditionally been used to liquidate the liabilities related to compensated absences.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

G. Short-Term and Long-Term Liabilities

1. Changes in Short-Term Liabilities

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities						
Banner Bank Loan	4.750%	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ -</u>

2. Changes in Long-Term Liabilities

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Notes payable:							
Siuslaw Bank - Local							
Improvements Note	3.475%	\$ 223,502	\$ 143,796	\$ -	\$ 11,051	\$ 132,745	\$ 11,436
General obligation bonds:							
Pool Construction	4.45%	1,100,000	792,975	-	54,000	738,975	58,000
Urban Renewal, Series 2001	3.9-5.675%	<u>3,360,000</u>	<u>750,000</u>	<u>-</u>	<u>235,000</u>	<u>515,000</u>	<u>250,000</u>
Total governmental activities		<u>\$ 4,683,502</u>	<u>\$ 1,686,771</u>	<u>\$ -</u>	<u>\$ 300,051</u>	<u>\$ 1,386,720</u>	<u>\$ 319,436</u>
Business-type activities							
Revenue Installment Bonds:							
USDA Water Pipeline #1	2.75%	\$ 7,033,000	\$ 6,621,433	\$ -	\$ 110,062	\$ 6,511,371	\$ 113,088
USDA Water Pipeline #2	2.75%	3,346,269	3,110,113	-	53,476	3,056,637	54,947
USDA Sewer System Improvement	4.50%	4,255,700	3,118,943	-	90,946	3,027,997	95,038
Siuslaw Bank - Land Purchase Note	3.475%	<u>362,590</u>	<u>141,488</u>	<u>-</u>	<u>38,690</u>	<u>102,798</u>	<u>40,073</u>
Total business-type activities		<u>\$ 14,997,559</u>	<u>\$ 12,991,977</u>	<u>\$ -</u>	<u>\$ 293,174</u>	<u>\$ 12,698,803</u>	<u>\$ 303,146</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

3. Governmental Activity – Banner Bank Short-Term Line of Credit

The Urban Renewal Agency passed a resolution authorizing the issuance of a short-term loan with Banner Bank. The interest rate was fixed at 4.75%. Proceeds were used to finance the costs of various urban renewal projects, which are pledged as collateral. The Agency passed a resolution authorizing an additional \$600,000 short-term loan on the same line of credit.

The agreement contains an event of default; if the Agency is unable to make payment, the interest rate may be raised to 18%. The URA Debt Service Fund has traditionally been used to liquidate the short-term liability.

4. Governmental and Business-type Activities - Interest Expense

In relation to governmental activities, interest expense was not charged to a specific function or program of the City. Interest expense is recorded on the statement of activities as follows:

Governmental activities	
Interest on long-term debt	\$ <u>40,366</u>

5. Governmental Activity – Local Improvements Note

The City obtained a loan dated June 18, 2009 to finance local improvements funded by future assessments, which are pledged as collateral. Interest is fixed at 3.475%. Principal and interest are due semiannually on June 15 and December 15.

If the City is unable to make payments, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. The Local Improvement Fund has traditionally been used to liquidate the liability related to the local improvements note.

6. Governmental Activity – Pool Construction General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. The City's outstanding general obligation bonds represent funding for pool facilities. Interest is fixed at 4.45%. Interest is due semiannually on July 1 and January 1.

If the City is unable to make payments, the lender may exercise any remedy available at law or in equity, however, the agreement shall not be subject to acceleration. Principal is due annually on January 1. The Debt Service Fund has traditionally been used to liquidate the liability related to the bonds.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

7. Governmental Activity - Urban Renewal General Obligation Bonds, Series 2001

General obligation bonds are direct obligations that pledge the full faith and credit of the Agency and are payable from ad valorem debt service levy proceeds. The Agency's outstanding general obligation bonds represent funding for urban renewal projects. Interest is fixed and ranges between 3.9% and 5.675%.

Interest rates increase in accordance with original bond documents. Interest is due semiannually on February 1 and August 1. Principal is due annually on February 1. The Urban Renewal Agency Debt Service Fund has traditionally been used to liquidate the liability related to the urban renewal general obligation bonds.

8. Governmental Activity - Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 308,000	\$ 61,852	\$ 11,436	\$ 4,588	\$ 319,436	\$ 66,440
2021	328,000	45,210	11,855	4,168	339,855	49,378
2022	65,000	27,500	12,277	3,747	77,277	31,247
2023	67,000	24,608	12,712	3,310	79,712	27,918
2024	73,000	21,626	13,157	2,867	86,157	24,493
2025-2029	412,975	56,822	71,308	6,938	484,283	63,760
	<u>\$ 1,253,975</u>	<u>\$ 237,618</u>	<u>\$ 132,745</u>	<u>\$ 25,618</u>	<u>\$ 1,386,720</u>	<u>\$ 263,236</u>

9. Business-Type Activity - Water Pipeline Revenue Installment Bonds

Revenue installment bonds are direct obligations that pledge the full faith and credit of the City and are payable from water utility revenue proceeds. Interest is fixed at 2.75%. The City's outstanding revenue installment bonds represent funding primarily for system improvement projects. Principal and interest are due annually on September 20. The Water Capital Construction and Water Funds have traditionally been used to liquidate liabilities related to the revenue installment bonds.

10. Business-Type Activity - USDA Sewer System Improvement

The City obtained financing dated August 8, 2000 to fund sewer system improvements, which are pledged as collateral. Interest is fixed at 4.5%. Principal and interest are due annually on August 8. Sewer system revenues are pledged as collateral for the issue. The Sewer and Sewer Capital Construction Funds have traditionally been used to liquidate the liability related to the sewer system improvement loan.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

11. Business-Type Activity – Siuslaw Bank Land Purchase Note

The City obtained a loan from Siuslaw Bank to provide funds for land acquisition, which is pledged as collateral. The note is dated December 15, 2011. Interest is fixed at 3.48%. Principal and interest are due semiannually on June 12 and December 12.

If the City is unable to make payments, the lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due. Upon default, the interest rate on the note shall be increased 20.00% per annum, however, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. The Sewer Capital Construction Fund has traditionally been used to liquidate the liability related to the land purchase note.

12. Business-type Activities - Interest Expense

In relation to business-type activities, long-term debt obligations are related to multiple functions/programs of the City, therefore interest expense is charged accordingly. Interest expense is recorded on the statement of activities as follows:

Business-type activities	
Water	238,188
Sewer	<u>140,551</u>
Total business-type	<u>\$ 378,739</u>

13. Legal Debt Limit

The City's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2019, was approximately \$15,620,117. The City's legal debt service limit is 3.00% of the real market value of property within the City.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

14. Business-Type Activity - Future Maturities of Long-Term Liabilities

Year Ending June 30	Water Pipeline Bonds		Sewer System Improvement	
	Principal	Interest	Principal	Interest
2020	\$ 168,035	\$ 263,121	\$ 95,038	\$ 136,260
2021	172,657	258,499	99,315	131,983
2022	177,405	253,751	103,784	127,514
2023	182,283	248,873	108,454	122,844
2024	187,297	243,859	113,335	117,963
2025-2029	1,016,633	1,139,147	647,922	508,568
2030-2034	1,164,322	991,458	807,429	349,061
2035-2039	1,333,467	822,313	1,006,203	150,287
2040-2044	1,527,185	628,595	46,517	2,093
2045-2049	1,749,044	406,736	-	-
2050-2054	1,889,679	152,650	-	-
	<u>\$ 9,568,008</u>	<u>\$ 5,409,002</u>	<u>\$ 3,027,997</u>	<u>\$ 1,646,573</u>

Year Ending June 30	Land Purchase Note		Total Requirements	
	Principal	Interest	Principal	Interest
2020	\$ 40,073	\$ 3,269	\$ 303,146	\$ 402,649
2021	41,494	1,849	313,466	392,332
2022	21,231	373	302,420	381,638
2023	-	-	290,737	371,716
2024	-	-	300,632	361,823
2025-2029	-	-	1,664,555	1,647,715
2030-2034	-	-	1,971,751	1,340,519
2035-2039	-	-	2,339,670	972,600
2040-2044	-	-	1,573,702	630,689
2045-2049	-	-	1,749,044	406,736
2050-2054	-	-	1,889,679	152,650
	<u>\$ 102,798</u>	<u>\$ 5,491</u>	<u>\$ 12,698,803</u>	<u>\$ 7,061,066</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

H. Constraints on Fund Balances

Constraints on fund balances are reported on the balance sheet as follows:

	General Fund	Law Enforcement Fund	Street Fund	Urban Renewal General Fund	Capital Construction Fund	Urban Renewal Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:								
Restricted for:								
Urban renewal projects	\$ -	\$ -	\$ -	\$ 67,896	\$ -	\$ -	\$ -	\$ 67,896
Debt service	-	-	-	-	-	1,348,023	211,768	1,559,791
Capital projects	-	-	-	-	1,258,675	-	69,893	1,328,568
Committed for:								
Local improvements	-		-	-	-	-	468,558	468,558
Streets and roads	-	-	1,669,092	-	-	-	-	1,669,092
Public safety	-	238,463	-	-	-	-	-	238,463
Community development	-	-	-	-	-	-	1,078,090	1,078,090
Equipment purchases	-	-	-	-	-	-	211,873	211,873
Business development	-	-	-	-	-	-	160,837	160,837
Capital projects	-	-	-	-	-	-	714,357	714,357
Unassigned	<u>1,492,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,492,797</u>
Total fund balances	<u>\$ 1,492,797</u>	<u>\$ 238,463</u>	<u>\$ 1,669,092</u>	<u>\$ 67,896</u>	<u>\$ 1,258,675</u>	<u>\$ 1,348,023</u>	<u>\$ 2,915,376</u>	<u>\$ 8,990,322</u>

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

III. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

Description of Benefit Terms

Plan Benefits – PERS Pension (Chapter 238)

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

PERS Pension

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death
- Member died within 120 days after termination of PERS-covered employment
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: police and fire - 1.8 percent is multiplied by the number of years of service and the final average salary.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which the termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Employer contributions for the year ended June 30, 2019 were \$220,667.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at:
<https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 26, 2017
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future.

Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Assumed Asset Allocation

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported a liability of \$1,485,699 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018 the District's proportion was 0.00980744%.

For the year ended June 30, 2019, the District recognized pension expense of \$281,255. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,539	\$ -
Changes in assumptions	345,422	-
Net difference between projected and actual earnings on investments	-	(65,973)
Changes in proportionate share	30,823	(32,330)
Differences between employer contributions and employer's proportionate share of system contributions	17,818	(14,800)
Total (prior to post-MD contributions)	444,602	(113,103)
Contributions subsequent to the MD	154,595	-
Total (subsequent to the post-MD contributions)	\$ 599,197	\$ (113,103)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2020	\$ 179,951
2021	127,310
2022	(10,423)
2023	24,751
2024	9,910

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

District's proportionate share of the net pension liability (asset):

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 2,482,882	\$ 1,485,698	\$ 662,604

Changes Subsequent to the Measurement Date

We are not aware of any changes subsequent to the June 30, 2018 measurement date that meet this requirement and thus would require a brief description under GASB standard.

C. New Pronouncements

For the fiscal year ended June 30, 2019, the City implemented the following new accounting standards:

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* – This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements.

CITY OF VENETA
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

It also clarifies which liabilities governments should include when disclosing information related to debt.

The City will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

D. Contract Commitments

The City regularly contracts for capital improvement projects. At June 30, 2019, there were several contracts in force that crossed over fiscal years. The estimated balances to finish the projects were \$873,469.

E. Subsequent Events

Management has evaluated subsequent events through December 12, 2019, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VENETA
Lane County, Oregon

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) AND CITY CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.00980744%	0.00956570%	0.00965686%	0.01061507%	0.00862998%
City's proportionate share of the net pension liability (asset)	\$ 1,485,699	\$ 1,289,460	\$ 1,449,719	\$ 609,460	\$ (195,617)
City's covered-employee payroll (from actuarial exhibits)	\$ 957,843	\$ 889,881	\$ 843,609	\$ 725,675	\$ 722,475
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	155%	145%	172%	84%	-27%
Plan fiduciary net position as a percentage of the total pension liability (asset) from audited schedules	82.07%	83.12%	80.53%	91.88%	103.59%

Schedule of City Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 220,957	\$ 207,660	\$ 168,377	\$ 104,326	\$ 73,693
Contributions in relation to the contractually required contribution	<u>(220,957)</u>	<u>(207,660)</u>	<u>(168,377)</u>	<u>(104,326)</u>	<u>(73,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,029,916	\$ 965,208	\$ 977,191	\$ 891,558	\$ 797,352
Contributions as a percentage of covered-employee payroll	21%	22%	17%	12%	9%

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 301,514	\$ 11,770	\$ 313,284
Franchise taxes	111,905	20,608	132,513
Licenses, permits, and fees	7,200	(645)	6,555
Operating grants and contributions	271,000	(236,270)	34,730
Intergovernmental charges	103,690	(8,407)	95,283
Charges for services	12,492	4,036	16,528
Fines	16,449	(4,831)	11,618
Investment earnings	11,540	20,968	32,508
Rents and leases	41,074	69	41,143
Miscellaneous	<u>127,157</u>	<u>(108,268)</u>	<u>18,889</u>
Total revenues	<u>1,004,021</u>	<u>(300,970)</u>	<u>703,051</u>
EXPENDITURES			
Current			
Personnel services	479,737	(63,433)	416,304
Material and services	343,538	(132,146)	211,392
Capital outlay	287,320	(282,786)	4,534
Contingency	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>
Total expenditures	<u>1,185,595</u>	<u>(553,365)</u>	<u>632,230</u>
Excess (deficiency) of revenues over (under) expenditures	(181,574)	252,395	70,821
OTHER FINANCING SOURCES (USES)			
Transfers in	3,000	-	3,000
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>(25,000)</u>
Total other financing sources (uses)	<u>(22,000)</u>	<u>-</u>	<u>(22,000)</u>
Net change in fund balance	(203,574)	252,395	48,821
Fund balance - beginning	<u>1,406,371</u>	<u>37,605</u>	<u>1,443,976</u>
Fund balance - ending	<u><u>\$ 1,202,797</u></u>	<u><u>\$ 290,000</u></u>	<u><u>\$ 1,492,797</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

LAW ENFORCEMENT FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Property taxes	\$ 821,650	\$ 35,189	\$ 856,839
Licenses, permits and fees	34,300	(7,449)	26,851
Intergovernmental	7,925	5,523	13,448
Other taxes	14,630	3,034	17,664
Investment earnings	2,506	2,444	4,950
Total revenues	<u>881,011</u>	<u>38,741</u>	<u>919,752</u>
EXPENDITURES			
Current			
Materials and services	893,267	(8,933)	884,334
Capital outlay	-	-	-
Contingency	500	(500)	-
Total expenditures	<u>893,767</u>	<u>(9,433)</u>	<u>884,334</u>
Excess (deficiency) of revenues over (under) expenditures	(12,756)	48,174	35,418
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	(2,756)	48,174	45,418
Fund balance - beginning	<u>139,679</u>	<u>53,366</u>	<u>193,045</u>
Fund balance - ending	<u>\$ 136,923</u>	<u>\$ 101,540</u>	<u>\$ 238,463</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

STREET FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	GAAP Basis
REVENUES			
Franchise Taxes	\$ 111,905	\$ 20,607	\$ 132,512
Fees and charges	184,565	14,907	199,472
Intergovernmental	386,814	(35,660)	351,154
Investment earnings	11,651	20,023	31,674
Miscellaneous	980	(275)	705
	<u>695,915</u>	<u>19,602</u>	<u>715,517</u>
EXPENDITURES			
Current			
Personnel services	157,982	(9,756)	148,226
Materials and services	700,726	(253,572)	447,154
Capital outlay	53,860	(47,218)	6,642
Contingency	100,000	(100,000)	-
	<u>1,012,568</u>	<u>(410,546)</u>	<u>602,022</u>
Excess (deficiency) of revenues over (under) expenditures	(316,653)	430,148	113,495
OTHER FINANCING SOURCES (USES)			
Transfers in	150,000	-	150,000
Transfers out	(9,000)	(4,000)	(5,000)
	<u>141,000</u>	<u>4,000</u>	<u>145,000</u>
Net change in fund balance	(175,653)	434,148	258,495
Fund balance - beginning	1,450,104	(39,507)	1,410,597
Fund balance - ending	<u>\$ 1,274,451</u>	<u>\$ 394,641</u>	<u>\$ 1,669,092</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

VENETA URBAN RENEWAL AGENCY - GENERAL FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES						
Investment earnings	\$ 8,000	\$ 8,000	\$ 8,062	\$ 16,062	\$ -	\$ 16,062
EXPENDITURES						
Current						
Materials and services	109,552	109,552	(109,552)	-	53,353	53,353
Urban renewal	779,289	1,044,289	(109,756)	934,533	(934,533)	-
Contingency	<u>10,000</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>898,841</u>	<u>1,163,841</u>	<u>(229,308)</u>	<u>934,533</u>	<u>(881,180)</u>	<u>53,353</u>
Excess (deficiency) of revenues over (under) expenditures	(890,841)	(1,155,841)	237,370	(918,471)	881,180	(37,291)
OTHER FINANCING SOURCES (USES)						
Loan proceeds	600,000	600,000	(599,908)	92	-	92
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(881,180)</u>	<u>(881,180)</u>
Total other financing sources (uses)	<u>600,000</u>	<u>865,000</u>	<u>864,908</u>	<u>92</u>	<u>(881,180)</u>	<u>(881,088)</u>
Net change in fund balance	(290,841)	(290,841)	1,102,278	(918,379)	-	(918,379)
Fund balance - beginning	<u>919,125</u>	<u>919,125</u>	<u>67,150</u>	<u>986,275</u>	<u>-</u>	<u>986,275</u>
Fund balance - ending	<u>\$ 628,284</u>	<u>\$ 628,284</u>	<u>\$ 1,169,428</u>	<u>\$ 67,896</u>	<u>\$ -</u>	<u>\$ 67,896</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

CAPITAL CONSTRUCTION FUND - GOVERNMENTAL

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 85,056	\$ 52,864	\$ 137,920
Investment earnings	<u>10,014</u>	<u>19,653</u>	<u>29,667</u>
Total revenues	<u>95,070</u>	<u>72,517</u>	<u>167,587</u>
EXPENDITURES			
Materials and services	70,150	(67,824)	2,326
Capital outlay	<u>293,813</u>	<u>(107,358)</u>	<u>186,455</u>
Total expenditures	<u>363,963</u>	<u>(175,182)</u>	<u>188,781</u>
Excess (deficiency) of revenues over (under) expenditures	(268,893)	247,699	(21,194)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(47,500)</u>	<u>-</u>	<u>(47,500)</u>
Net change in fund balance	(316,393)	247,699	(68,694)
Fund balance - beginning	<u>1,316,771</u>	<u>10,598</u>	<u>1,327,369</u>
Fund balance - ending	<u>\$ 1,000,378</u>	<u>\$ 258,297</u>	<u>\$ 1,258,675</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CITY OF VENETA
Lane County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2019

	Special Revenue				
	Local Improvements Fund	Parks and Recreation Fund	Planning Fund	Storm-water Fund	Building Inspection Fund
ASSETS					
Cash and cash equivalents	\$ 320,414	\$ 593,094	\$ 261,801	\$ 207,397	\$ 18,711
Accounts and other receivables	-	43,137	6,860	6,685	-
Property taxes receivable	-	8,785	7,166	-	-
Liens receivable	<u>35,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 355,842</u>	<u>\$ 645,016</u>	<u>\$ 275,827</u>	<u>\$ 214,082</u>	<u>\$ 18,711</u>
LIABILITIES					
Book overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	42,587	10,364	1,222	-
Unearned revenue	-	5,000	913	-	-
Accrued liabilities	<u>-</u>	<u>325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>47,912</u>	<u>11,277</u>	<u>1,222</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
- liens	35,428	-	-	-	-
- property taxes	<u>-</u>	<u>8,306</u>	<u>6,829</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>35,428</u>	<u>8,306</u>	<u>6,829</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	<u>320,414</u>	<u>588,798</u>	<u>257,721</u>	<u>212,860</u>	<u>18,711</u>
Total fund balances	<u>320,414</u>	<u>588,798</u>	<u>257,721</u>	<u>212,860</u>	<u>18,711</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 355,842</u>	<u>\$ 645,016</u>	<u>\$ 275,827</u>	<u>\$ 214,082</u>	<u>\$ 18,711</u>

Special Revenue		Capital Projects Funds				Debt Service Fund	Total Nonmajor Governmental Funds
Zumwalt Campground Fund	Business Assistance Loan/Grants	Pool Facilities Fund	Governmental Reserve Fund	Public Works Equipment	West Broadway Fund		
\$ 148,388	\$ 160,837	\$ -	\$ 653,366	\$ 211,873	\$ 60,991	\$ 211,577	\$ 2,848,449
-	-	175,000	-	-	-	-	231,682
-	-	-	-	-	-	4,175	20,126
-	-	-	-	-	-	-	35,428
<u>\$ 148,388</u>	<u>\$ 160,837</u>	<u>\$ 175,000</u>	<u>\$ 653,366</u>	<u>\$ 211,873</u>	<u>\$ 60,991</u>	<u>\$ 215,752</u>	<u>\$ 3,135,685</u>
\$ -	\$ -	\$ 17,143	\$ -	\$ -	\$ -	\$ -	\$ 17,143
244	-	87,964	-	-	-	-	142,381
-	-	-	-	-	-	-	5,913
-	-	-	-	-	-	-	325
<u>244</u>	<u>-</u>	<u>105,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,762</u>
-	-	-	-	-	-	-	35,428
-	-	-	-	-	-	3,984	19,119
-	-	-	-	-	-	3,984	54,547
-	-	69,893	-	-	-	211,768	281,661
<u>148,144</u>	<u>160,837</u>	<u>-</u>	<u>653,366</u>	<u>211,873</u>	<u>60,991</u>	<u>-</u>	<u>2,633,715</u>
<u>148,144</u>	<u>160,837</u>	<u>69,893</u>	<u>653,366</u>	<u>211,873</u>	<u>60,991</u>	<u>211,768</u>	<u>2,915,376</u>
<u>\$ 148,388</u>	<u>\$ 160,837</u>	<u>\$ 175,000</u>	<u>\$ 653,366</u>	<u>\$ 211,873</u>	<u>\$ 60,991</u>	<u>\$ 215,752</u>	<u>\$ 3,135,685</u>

CITY OF VENETA
Lane County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2019

	Special Revenue				
	Local Improvements Fund	Parks and Recreation Fund	Planning Fund	Storm-water Fund	Building Inspection Fund
REVENUES					
Property taxes	\$ -	\$ 233,382	\$ 157,040	\$ -	\$ -
Charges for services	-	63,078	62,114	-	-
State revenue sharing	-	505,600	-	-	-
Operating grants	-	27,345	-	-	-
Fees and charges	1,057	-	-	68,558	87,950
Intergovernmental	-	-	-	-	-
Other taxes	-	17,664	-	-	-
Investment earnings	7,518	13,672	6,484	4,444	-
Miscellaneous	-	200	-	-	-
Total revenues	<u>8,575</u>	<u>860,941</u>	<u>225,638</u>	<u>73,002</u>	<u>87,950</u>
EXPENDITURES					
Current					
General government	-	-	256,764	-	94,239
Public works	-	-	-	59,210	-
Culture and recreation	-	357,159	-	-	-
Debt service	16,023	-	-	-	-
Capital outlay	-	539,228	-	-	-
Total expenditures	<u>16,023</u>	<u>896,387</u>	<u>256,764</u>	<u>59,210</u>	<u>94,239</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,448)</u>	<u>(35,446)</u>	<u>(31,126)</u>	<u>13,792</u>	<u>(6,289)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	-	-	25,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	(7,448)	(15,446)	(31,126)	13,792	18,711
Fund balances - beginning	<u>327,862</u>	<u>604,244</u>	<u>288,847</u>	<u>199,068</u>	<u>-</u>
Fund balances - ending	<u>\$ 320,414</u>	<u>\$ 588,798</u>	<u>\$ 257,721</u>	<u>\$ 212,860</u>	<u>\$ 18,711</u>

Special Revenue		Capital Projects Funds				Debt Service Fund	Total Nonmajor Governmental Funds
Zumwalt Campground Fund	Business Assistance Loan/Grants	Pool Facilities Fund	Governmental Reserve Fund	Public Works Equipment	West Broadway Fund		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,752	\$ 482,174
80,110	-	-	-	-	-	-	205,302
-	-	-	-	-	-	-	505,600
-	-	251,425	-	-	-	-	278,770
-	-	-	-	-	-	-	157,565
-	-	337,500	-	-	-	-	337,500
-	-	-	-	-	-	-	17,664
3,000	3,555	1,842	17,915	4,705	1,339	3,372	67,846
-	-	-	-	-	-	-	200
<u>83,110</u>	<u>3,555</u>	<u>590,767</u>	<u>17,915</u>	<u>4,705</u>	<u>1,339</u>	<u>95,124</u>	<u>2,052,621</u>
-	-	-	-	-	-	-	351,003
-	-	-	-	-	-	-	59,210
37,218	-	-	-	-	-	-	394,377
-	-	-	-	-	-	89,306	105,329
-	-	645,281	-	18,712	-	-	1,203,221
<u>37,218</u>	<u>-</u>	<u>645,281</u>	<u>-</u>	<u>18,712</u>	<u>-</u>	<u>89,306</u>	<u>2,113,140</u>
<u>45,892</u>	<u>3,555</u>	<u>(54,514)</u>	<u>17,915</u>	<u>(14,007)</u>	<u>1,339</u>	<u>5,818</u>	<u>(60,519)</u>
-	-	47,500	-	15,000	-	-	107,500
<u>(32,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(183,000)</u>
<u>(32,000)</u>	<u>(1,000)</u>	<u>47,500</u>	<u>(150,000)</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>(75,500)</u>
13,892	2,555	(7,014)	(132,085)	993	1,339	5,818	(136,019)
<u>134,252</u>	<u>158,282</u>	<u>76,907</u>	<u>785,451</u>	<u>210,880</u>	<u>59,652</u>	<u>205,950</u>	<u>3,051,395</u>
<u>\$ 148,144</u>	<u>\$ 160,837</u>	<u>\$ 69,893</u>	<u>\$ 653,366</u>	<u>\$ 211,873</u>	<u>\$ 60,991</u>	<u>\$ 211,768</u>	<u>\$ 2,915,376</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

LOCAL IMPROVEMENTS FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Fees and charges	\$ 3,100	\$ (2,043)	\$ 1,057
Investment earnings	<u>2,627</u>	<u>4,891</u>	<u>7,518</u>
Total revenues	<u>5,727</u>	<u>2,848</u>	<u>8,575</u>
EXPENDITURES			
Current			
Materials and services	275	(275)	-
Debt service	<u>18,850</u>	<u>(2,827)</u>	<u>16,023</u>
Total expenditures	<u>19,125</u>	<u>(3,102)</u>	<u>16,023</u>
Excess (deficiency) of revenues over (under) expenditures	(13,398)	5,950	(7,448)
Fund balance - beginning	<u>410,262</u>	<u>(82,400)</u>	<u>327,862</u>
Fund balance - ending	<u>\$ 396,864</u>	<u>\$ (76,450)</u>	<u>\$ 320,414</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PARKS AND RECREATION FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 224,586	\$ 224,586	\$ 8,796	\$ 233,382
Charges for services	46,896	46,896	16,182	63,078
Intergovernmental	492,976	492,976	12,624	505,600
Other taxes	14,630	14,860	2,804	17,664
Grants and contributions	30	38,416	(11,071)	27,345
Investment earnings	4,836	4,836	8,836	13,672
Miscellaneous	200	-	200	200
Total revenues	<u>784,154</u>	<u>822,570</u>	<u>38,371</u>	<u>860,941</u>
EXPENDITURES				
Current				
Personnel services	271,912	271,912	(36,377)	235,535
Materials and services	158,324	158,324	(36,700)	121,624
Capital outlay	663,438	701,854	(162,626)	539,228
Contingency	20,000	20,000	(20,000)	-
Total expenditures	<u>1,113,674</u>	<u>1,152,090</u>	<u>(255,703)</u>	<u>896,387</u>
Excess (deficiency) of revenues over (under) expenditures	(329,520)	(329,520)	294,074	(35,446)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>20,000</u>	<u>20,000</u>	-	<u>20,000</u>
Net change in fund balance	(309,520)	(309,520)	294,074	(15,446)
Fund balance - beginning	<u>593,575</u>	<u>593,575</u>	<u>10,669</u>	<u>604,244</u>
Fund balance - ending	<u>\$ 284,055</u>	<u>\$ 284,055</u>	<u>\$ 304,743</u>	<u>\$ 588,798</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PLANNING FUND

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES				
Property taxes	\$ 149,658	\$ 149,658	\$ 7,382	\$ 157,040
Charges for services	46,975	46,975	15,139	62,114
Investment earnings	1,917	1,917	4,567	6,484
Miscellaneous	50	50	(50)	-
Total revenues	<u>198,600</u>	<u>198,600</u>	<u>27,038</u>	<u>225,638</u>
EXPENDITURES				
Current				
Personnel services	191,493	191,493	(1,924)	189,569
Materials and services	56,162	76,162	(8,967)	67,195
Capital outlay	345	345	(345)	-
Contingency	<u>25,000</u>	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total expenditures	<u>273,000</u>	<u>273,000</u>	<u>(16,236)</u>	<u>256,764</u>
Excess (deficiency) of revenues over (under) expenditures	(74,400)	(74,400)	43,274	(31,126)
Fund balance - beginning	<u>258,176</u>	<u>258,176</u>	<u>30,671</u>	<u>288,847</u>
Fund balance - ending	<u>\$ 183,776</u>	<u>\$ 183,776</u>	<u>\$ 73,945</u>	<u>\$ 257,721</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

STORM-WATER FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Fees and charges	\$ 68,131	\$ 427	\$ 68,558
Investment earnings	1,461	2,983	4,444
Miscellaneous	50	(50)	-
	<u>69,642</u>	<u>3,360</u>	<u>73,002</u>
Total revenues			
EXPENDITURES			
Current			
Personnel services	46,207	(2,657)	43,550
Materials and services	21,439	(5,779)	15,660
Capital outlay	32	(32)	-
Contingency	10,000	(10,000)	-
	<u>77,678</u>	<u>(18,468)</u>	<u>59,210</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(8,036)	21,828	13,792
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(8,036)	21,828	13,792
Fund balance - beginning	171,365	27,703	199,068
	<u>171,365</u>	<u>27,703</u>	<u>199,068</u>
Fund balance - ending	\$ 163,329	\$ 49,531	\$ 212,860
	<u>\$ 163,329</u>	<u>\$ 49,531</u>	<u>\$ 212,860</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

BUILDING INSPECTION PROGRAM FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Licenses, permits, and fees	\$ 84,000	\$ 3,950	\$ 87,950
Interest	25	(25)	-
Miscellaneous	25	(25)	-
	<u>84,050</u>	<u>3,900</u>	<u>87,950</u>
Total revenues	<u>84,050</u>	<u>3,900</u>	<u>87,950</u>
EXPENDITURES			
Current			
Personnel services	15,440	(2,036)	13,404
Materials and services	81,045	(210)	80,835
	<u>96,485</u>	<u>(2,246)</u>	<u>94,239</u>
Total expenditures	<u>96,485</u>	<u>(2,246)</u>	<u>94,239</u>
Excess (deficiency) of revenues over (under) expenditures	(12,435)	6,146	(6,289)
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	-	25,000
	<u>12,565</u>	<u>6,146</u>	<u>18,711</u>
Net change in fund balance	<u>12,565</u>	<u>6,146</u>	<u>18,711</u>
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 12,565</u>	<u>\$ 6,146</u>	<u>\$ 18,711</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

ZUMWALT CAMPGROUND FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Charges for services	\$ 68,032	\$ 12,078	\$ 80,110
Investment earnings	1,048	1,952	3,000
Fees and charges	<u>270</u>	<u>(270)</u>	<u>-</u>
Total revenues	<u>69,350</u>	<u>13,760</u>	<u>83,110</u>
EXPENDITURES			
Current			
Materials and services	<u>45,084</u>	<u>(7,866)</u>	<u>37,218</u>
Excess (deficiency) of revenues over (under) expenditures	24,266	21,626	45,892
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(32,000)</u>	<u>-</u>	<u>(32,000)</u>
Net change in fund balance	(7,734)	21,626	13,892
Fund balance - beginning	<u>128,532</u>	<u>5,720</u>	<u>134,252</u>
Fund balance - ending	<u><u>\$ 120,798</u></u>	<u><u>\$ 27,346</u></u>	<u><u>\$ 148,144</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

BUSINESS ASSISTANCE LOAN/GRANT FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 1,372	\$ 2,183	\$ 3,555
Miscellaneous	<u>20</u>	<u>(20)</u>	<u>-</u>
Total revenues	<u>1,392</u>	<u>2,163</u>	<u>3,555</u>
EXPENDITURES			
Current			
Materials and services	<u>64,050</u>	<u>(64,050)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(62,658)	66,213	3,555
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Net change in fund balance	(63,658)	66,213	2,555
Fund balance - beginning	<u>156,932</u>	<u>1,350</u>	<u>158,282</u>
Fund balance - ending	<u><u>\$ 93,274</u></u>	<u><u>\$ 67,563</u></u>	<u><u>\$ 160,837</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GRANTS FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Grants	\$ 400,000	\$ (123,748)	\$ 276,252
EXPENDITURES			
Current			
Materials and services	<u>400,000</u>	<u>(123,748)</u>	<u>276,252</u>
Net change in fund balance	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

POOL FACILITIES FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Grants	\$ 483,500	\$ (232,075)	\$ 251,425
Intergovernmental	72,500	265,000	337,500
Investment earnings	<u>440</u>	<u>1,402</u>	<u>1,842</u>
Total revenues	<u>556,440</u>	<u>34,327</u>	<u>590,767</u>
EXPENDITURES			
Current			
Materials and services	25	(25)	-
Capital outlay	<u>673,500</u>	<u>(28,219)</u>	<u>645,281</u>
Total expenditures	<u>673,525</u>	<u>(28,244)</u>	<u>645,281</u>
Excess (deficiency) of revenues over (under) expenditures	(117,085)	62,571	(54,514)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>47,500</u>	<u>-</u>	<u>47,500</u>
Net change in fund balance	(69,585)	62,571	(7,014)
Fund balance - beginning	<u>74,069</u>	<u>2,838</u>	<u>76,907</u>
Fund balance - ending	<u>\$ 4,484</u>	<u>\$ 65,409</u>	<u>\$ 69,893</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

GOVERNMENTAL RESERVE FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 9,052	\$ 8,863	\$ 17,915
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over (under) expenditures	9,052	8,863	17,915
OTHER FINANCING SOURCES (USES)			
Transfers in	4,000	(4,000)	-
Transfers out	(150,000)	-	(150,000)
Net change in fund balance	(136,948)	4,863	(132,085)
Fund balance - beginning	781,707	3,744	785,451
Fund balance - ending	<u>\$ 644,759</u>	<u>\$ 8,607</u>	<u>\$ 653,366</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment income	\$ 1,668	\$ 3,037	\$ 4,705
EXPENDITURES			
Capital outlay	<u>20,000</u>	<u>(1,288)</u>	<u>18,712</u>
Excess (deficiency) of revenues over (under) expenditures	(18,332)	4,325	(14,007)
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	(3,332)	4,325	993
Fund balance - beginning	<u>209,258</u>	<u>1,622</u>	<u>210,880</u>
Fund balance - ending	<u><u>\$ 205,926</u></u>	<u><u>\$ 5,947</u></u>	<u><u>\$ 211,873</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

WEST BROADWAY FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ -	\$ 1,339	\$ 1,339
Miscellaneous	<u>50</u>	<u>(50)</u>	<u>-</u>
Total revenues	<u>50</u>	<u>1,289</u>	<u>1,339</u>
EXPENDITURES			
Current			
Materials and supplies	50	(50)	-
Capital outlay	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
Total expenditures	<u>5,050</u>	<u>(5,050)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(5,000)	6,339	1,339
Fund balance - beginning	<u>59,157</u>	<u>495</u>	<u>59,652</u>
Fund balance - ending	<u>\$ 54,157</u>	<u>\$ 6,834</u>	<u>\$ 60,991</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
REVENUES			
Property taxes	\$ 86,881	\$ 4,871	\$ 91,752
Investment earnings	<u>1,214</u>	<u>2,158</u>	<u>3,372</u>
Total revenues	<u>88,095</u>	<u>7,029</u>	<u>95,124</u>
EXPENDITURES			
Debt service	<u>90,100</u>	<u>(794)</u>	<u>89,306</u>
Excess (deficiency) of revenues over (under) expenditures	(2,005)	7,823	5,818
Fund balance - beginning	<u>141,822</u>	<u>64,128</u>	<u>205,950</u>
Fund balance - ending	<u><u>\$ 139,817</u></u>	<u><u>\$ 71,951</u></u>	<u><u>\$ 211,768</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

VENETA URBAN RENEWAL AGENCY - DEBT SERVICE FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Property taxes	\$ 634,195	\$ 107,267	\$ 741,462	\$ -	\$ 741,462
Investment earnings	<u>9,050</u>	<u>5,636</u>	<u>14,686</u>	<u>-</u>	<u>14,686</u>
Total revenues	<u>643,245</u>	<u>112,903</u>	<u>756,148</u>	<u>-</u>	<u>756,148</u>
EXPENDITURES					
Debt service	<u>903,950</u>	<u>(626,170)</u>	<u>277,780</u>	<u>-</u>	<u>277,780</u>
Excess (deficiency) of revenues over (under) expenditures	(260,705)	739,073	478,368	-	478,368
Fund balance - beginning	<u>826,458</u>	<u>43,197</u>	<u>869,655</u>	<u>-</u>	<u>869,655</u>
Fund balance - ending	<u><u>\$ 565,753</u></u>	<u><u>\$ 782,270</u></u>	<u><u>\$ 1,348,023</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,348,023</u></u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

WATER FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	GAAP Basis
REVENUES					
Water sales	\$ 1,037,350	\$ 24,190	\$ 1,061,540	\$ -	\$ 1,061,540
Intergovernmental	103,680	-	103,680	-	103,680
Investment earnings	20,497	45,611	66,108	-	66,108
Licenses and permits	9,600	4,300	13,900	-	13,900
Rents and leases	14,976	(8)	14,968	-	14,968
Miscellaneous	<u>1,612</u>	<u>94</u>	<u>1,706</u>	<u>-</u>	<u>1,706</u>
Total revenues	<u>1,187,715</u>	<u>74,187</u>	<u>1,261,902</u>	<u>-</u>	<u>1,261,902</u>
EXPENSES					
Current					
Personnel services	307,900	(37,546)	270,354	36,777	307,131
Materials and supplies	403,586	(114,087)	289,499	2	289,501
Capital outlay	872,555	(569,643)	302,912	(278,923)	23,989
Debt service	369,387	(21,136)	348,251	(110,063)	238,188
Depreciation	-	-	-	404,195	404,195
Contingency	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>2,053,428</u>	<u>(842,412)</u>	<u>1,211,016</u>	<u>51,988</u>	<u>1,263,004</u>
Excess (deficiency) of revenues over (under) expenses	(865,713)	916,599	50,886	(51,988)	(1,102)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	53,477	53,477
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>53,477</u>	<u>48,477</u>
Change in net position	(870,713)	916,599	45,886	1,489	47,375
Net position - beginning	<u>2,904,494</u>	<u>82,853</u>	<u>2,987,347</u>	<u>6,072,852</u>	<u>9,060,199</u>
Net position - ending	<u>\$ 2,033,781</u>	<u>\$ 999,452</u>	<u>\$ 3,033,233</u>	<u>\$ 6,074,341</u>	<u>\$ 9,107,574</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Sewer charges	\$ 1,078,624	\$ 59,741	\$ 1,138,365	\$ -	\$ 1,138,365
Investment earnings	15,280	36,191	51,471	-	51,471
Licenses and permits	2,400	200	2,600	-	2,600
Rents and leases	9,600	-	9,600	-	9,600
Miscellaneous	<u>25</u>	<u>9,689</u>	<u>9,714</u>	<u>-</u>	<u>9,714</u>
Total revenues	<u>1,105,929</u>	<u>105,821</u>	<u>1,211,750</u>	<u>-</u>	<u>1,211,750</u>
EXPENSES					
Current					
Personnel services	370,865	(37,410)	333,455	36,779	370,234
Materials and services	385,189	(185,429)	199,760	-	199,760
Capital outlay	2,092,000	(620,361)	1,471,639	(1,471,639)	-
Debt service	125,649	(11,828)	113,821	(7,533)	106,288
Depreciation	-	-	-	297,190	297,190
Contingency	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>3,073,703</u>	<u>(955,028)</u>	<u>2,118,675</u>	<u>(1,145,203)</u>	<u>973,472</u>
Excess (deficiency) of revenues over (under) expenses	(1,967,774)	1,060,849	(906,925)	1,145,203	238,278
OTHER FINANCING SOURCES (USES)					
Transfers in	1,200,000	-	1,200,000	875,156	2,075,156
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Change in net position	(772,774)	1,060,849	288,075	2,020,359	2,308,434
Net position - beginning	<u>2,113,199</u>	<u>205,746</u>	<u>2,318,945</u>	<u>4,809,343</u>	<u>7,128,288</u>
Net position - ending	<u>\$ 1,340,425</u>	<u>1,266,595</u>	<u>\$ 2,607,020</u>	<u>\$ 6,829,702</u>	<u>\$ 9,436,722</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

WATER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
System development charges	\$ 81,912	\$ 383	\$ 82,295	\$ -	\$ 82,295
Investment earnings	<u>1,904</u>	<u>(706)</u>	<u>1,198</u>	<u>-</u>	<u>1,198</u>
Total revenues	<u>83,816</u>	<u>(323)</u>	<u>83,493</u>	<u>-</u>	<u>83,493</u>
EXPENSES					
Current					
Materials and services	25	(25)	-	-	-
Debt service	81,769	(2,338)	79,431	(53,477)	25,954
Capital outlay	<u>40,000</u>	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>121,794</u>	<u>(42,363)</u>	<u>79,431</u>	<u>(53,477)</u>	<u>25,954</u>
Excess (deficiency) of revenues over (under) expenses	(37,978)	42,040	4,062	(53,477)	57,539
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,477)</u>	<u>(53,477)</u>
Change in net position	(37,978)	42,040	4,062	(106,954)	4,062
Net position - beginning	<u>47,376</u>	<u>2,985</u>	<u>50,361</u>	<u>-</u>	<u>50,361</u>
Net position - ending	<u>\$ 9,398</u>	<u>\$ 45,025</u>	<u>\$ 54,423</u>	<u>\$ (106,954)</u>	<u>\$ 54,423</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER CAPITAL CONSTRUCTION FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
System development charges	\$ 71,628	\$ (233)	\$ 71,395	\$ 61,669	\$ 133,064
Investment earnings	<u>19,377</u>	<u>19,981</u>	<u>39,358</u>	<u>-</u>	<u>39,358</u>
Total revenues	<u>91,005</u>	<u>19,748</u>	<u>110,753</u>	<u>61,669</u>	<u>172,422</u>
EXPENSES					
Current					
Materials and services	1,000	(1,000)	-	-	-
Capital outlay	1,400,000	(494,946)	905,054	(790,997)	114,057
Debt service	<u>170,807</u>	<u>(13,700)</u>	<u>157,107</u>	<u>(122,844)</u>	<u>34,263</u>
Total expenses	<u>1,571,807</u>	<u>(509,646)</u>	<u>1,062,161</u>	<u>(913,841)</u>	<u>148,320</u>
Excess (deficiency) of revenues over (under) expenses	(1,480,802)	529,394	(951,408)	975,510	24,102
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(875,156)</u>	<u>(875,156)</u>
Change in net position	(1,480,802)	529,394	(951,408)	100,354	(851,054)
Net position - beginning	<u>1,779,477</u>	<u>(59,997)</u>	<u>1,719,480</u>	<u>(141,483)</u>	<u>1,577,997</u>
Net position - ending	<u>\$ 298,675</u>	<u>\$ 469,397</u>	<u>\$ 768,072</u>	<u>\$ (41,129)</u>	<u>\$ 726,943</u>

CITY OF VENETA
Lane County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

ENTERPRISE RESERVE FUND

For the Year Ended June 30, 2019

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual GAAP Basis
REVENUES			
Investment earnings	\$ 11,825	\$ 19,300	\$ 31,125
EXPENSES	-	-	-
Excess (deficiency) of revenues over (under) expenses	11,825	19,300	31,125
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,200,000)	-	(1,200,000)
Net change in fund balance	(1,188,175)	19,300	(1,168,875)
Net position - beginning	1,375,215	11,479	1,386,694
Net position - ending	\$ 187,040	\$ 30,779	\$ 217,819

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY FEDERAL AND STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

City Council
City of Veneta
Veneta, Oregon 97487

We have audited the basic financial statements of the City of Veneta as of and for the year ended June 30, 2019, and have issued our report thereon dated December 12, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City of Veneta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the City of Veneta's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Veneta's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Veneta's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the city council and management of the City of Veneta and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC

December 12, 2019



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

City Council
City of Veneta
Veneta, Oregon 97487

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Veneta as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Veneta's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Veneta's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Veneta's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Veneta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is stylized and cursive.

Accuity, LLC

Albany, Oregon
December 12, 2019